

The complaint

Mr A is unhappy Aldermore Bank Plc terminated a hire purchase agreement for a car and reported it as a stolen vehicle.

What happened

Mr A purchased a car in September 2023, with a cash price of almost £75,000. He took out a hire purchase agreement with Aldermore to finance the car, with monthly repayments of around £1,300.

In early 2024, Mr A asked Aldermore for breathing space following a family bereavement. Aldermore granted one month of forbearance, so the February payment was missed. In April 2024, Mr A requested a further three-month extension, but Aldermore declined after reviewing his bank statements. He then missed the April and May payments.

At the end of May, Mr A agreed a plan to clear arrears of around £2,600 over three months, but he later asked to delay the first overpayment. Aldermore refused, and Mr A missed the July overpayment – although he paid the regular July instalment.

Aldermore warned Mr A it intended to default the agreement when it couldn't reach him. He responded asking them not to default the account and offered to repay arrears in full by the end of August, suggesting he pay £2,000 a month instead of his agreed instalments. Aldermore declined due to the broken payment plan.

In August, Mr A paid around £1,200 plus his monthly instalment and said he would pay the rest in September. But Aldermore didn't receive the September instalment, and couldn't get a response when contacting Mr A.

Aldermore issued a default notice in September 2024, and a debt collection agent visited in October, reporting Mr A had moved to Romania. Aldermore issued a termination notice in November 2024 to both the UK and Romanian addresses. It also reported the car as stolen as it received notice the car was being driven without insurance in Spain.

Mr A disputed receiving the default and termination notices, saying they were invalid as Aldermore hadn't sent them to his correct address. He said Aldermore breached his data privacy rights by a letter to an address in Romania he had no link to. And he said he had enough money in his account to make the payments.

Aldermore responded to the complaint, saying Mr A had breached the agreement, so it had fairly terminated it. Mr A was unhappy and told our service Aldermore was unfairly preventing him from paying for the car so brought the complaint to our service.

Our Investigator didn't think Aldermore had acted unfairly as it had followed the terms of the agreement when Mr A failed to make his payments, and it provided reasonable forbearance for his circumstances. They said it was reasonable for Aldermore to have concerns as it was told the car was abroad without prior consent, which was a further breach of the contract. The Investigator also said the notices of default and termination were issued to the addresses on file for Mr A, and to his email address – adding it was Mr A's responsibility to update his address with Aldermore.

Mr A didn't accept the findings, saying Aldermore was acting disproportionately to the circumstances and he was being prevented from returning the car legally. He said Aldermore should either take the car back and waive any remaining liability he has towards the agreement, or substantially reduce the balance owed – in addition to removing the stolen car marker and paying compensation.

I issued a provisional decision on the complaint – which said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I intend to reach a different outcome to that of the Investigator. But I don't think Aldermore needs to do everything Mr A has asked. I'll explain why.

Mr A has made several detailed points in his complaint. I've considered everything he's said and all the information on the file. But in my decision, I do not intend to refer to everything or address every point made. I mean no discourtesy by this, instead I will focus on what I see as being the key outstanding points following the Investigator's outcome, and the reasons for making my decision.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I've reached my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The car was paid for using a hire purchase agreement, which is a regulated consumer credit agreement. Aldermore has confirmed the agreement wasn't subject to exemptions, so I'm satisfied I can consider a complaint about it.

Arrears and forbearance

Mr A is unhappy with the way Aldermore supported him while he was in arrears on his agreement. He said he had agreed a payment plan with Aldermore but it failed to collect the payments from his account correctly. He also says he made multiple attempts to repay the arrears in good faith, but Aldermore ignored or dismissed these.

The terms of the agreement say Aldermore can terminate it if Mr A fails to make any payment due within three days of its due date (10.1a). It's generally considered best practice for businesses to work with consumers and support them with repaying arrears rather than immediately ending the agreement.

I've found Mr A first contacted Aldermore about his financial difficulties in early 2024, when he said he needed breathing space following a bereavement. Aldermore agreed to one month forbearance, but when Mr A asked for a further three months, Aldermore asked to see his bank statements to complete an income and expenditure review.

Aldermore hasn't provided details of its review but did provide its findings – it said Mr A had a healthy balance in the account, and several other accounts. So it didn't agree he couldn't afford to make the repayments. Instead, Aldermore told Mr A to speak to his broker about options to reduce his repayments – and provided him with the details of the broker he'd used.

I understand Mr A was disappointed Aldermore didn't accept his payment proposals, which included an increase of a few hundred pounds on his monthly repayments. I wouldn't expect Aldermore to accept every proposal – instead it should consider if the payments would be sustainable and reduce the debt in a reasonable period of time. Mr A had arrears of over £2,600 at the time, so I think it needed to understand why Mr A couldn't repay more than he was proposing.

Mr A agreed to repay Aldermore by making two overpayments in July and August 2024, and Aldermore confirmed the plan by letter and email. But two days before the July payment was due, Mr A contacted Aldermore to ask for a deferment, saying he didn't have the funds available for the extra £1,500 he was due to pay.

Mr A now disputes that the funds weren't available and provided copies of his bank statements for July and August 2024 to support this. I've looked at these, and while I can see he had the funds to make his normal repayment in July, there weren't enough funds to also pay the additional £1,500 he'd agreed. Instead, the monthly repayment took Mr A's account into an overdraft. Also, while Mr A paid some of the arrears in August, he didn't attempt to make up the payment he'd previously promised to pay.

I appreciate Mr A wanted Aldermore to delay the arrears payments again, but at this point, his account had been in arrears for several months. Aldermore did delay collections activities on the account when Mr A paid some of the arrears in August 2024, by allowing some more time for him to clear the remaining arrears.

However, in September, Aldermore didn't receive the monthly instalment or a further arrears overpayment from Mr A, bringing the total arrears to over £2,800. Mr A didn't respond to a call or email, and Aldermore says it was aware his phone was abroad from the dial tone. Aldermore then received notice that Mr A's car was in Spain. I think this was enough for Aldermore to have concerns about its asset, and as the agreement was still in arrears it made a reasonable decision to start the collections process.

Overall, considering all the steps Aldermore took, I think it acted fairly and reasonably when supporting Mr A, and I don't agree it ignored his requests for support.

Default and termination

Mr A says he didn't receive the default and termination notices, as they weren't sent to his correct address. He therefore says they are invalid. He adds that he didn't intend to move to Spain permanently, but had to travel due to personal circumstances.

Aldermore sent the default notice in September 2024, explaining Mr A had failed to make the payments required under the agreement. It posted this to the UK address Mr A had given at the start of the agreement. As Mr A hadn't told Aldermore he had changed his address, I think it was reasonable for the notice to be sent here. Aldermore also sent a copy of the default notice by email to the email address on his account.

When Aldermore terminated the agreement in November 2024, Mr A hadn't been in touch to confirm his correct postal address. Aldermore sent the postal notice to his UK address again – which was reasonable. The debt collection company who visited Mr A's UK address told Aldermore it had been given a Romanian address for him, so Aldermore also issued a copy of the termination notice to that address. I understand Mr A says he has no connection to this address, but at the time it was reasonable for Aldermore to act on this information.

If Mr A didn't receive the notices, I don't think this means they weren't valid – as he had a responsibility to update Aldermore with his current contact details. This responsibility is set out in the terms and conditions of his hire purchase agreement (3.4). As I've not seen evidence to show Mr A told Aldermore he had moved, even if this move wasn't intended to be permanent, I don't think it acted unreasonably when issuing the notices to the addresses it had on file. And I don't think this renders either notice invalid.

Actions after termination

Mr A is also unhappy with the way Aldermore has acted after terminating the agreement. He says it's unfairly reported the car as stolen, which means he can't return to the UK with the car or sell it to clear the agreement balance. He says he employed a solicitor to try and resolve things, but Aldermore ignored their contact. He says he is willing to return the car but only if Aldermore removes the stolen marker – otherwise he says Aldermore should collect it from Spain.

In response, Aldermore says that removing the stolen marker would place its asset at considerable risk, especially as the car is abroad and, as far as it knows, remains uninsured. Aldermore received a letter from Mr A's solicitor in July 2025 and responded to them, answering their questions and confirming legal action would go ahead. Aldermore has placed this on hold while our service is considering the case.

I should explain that the car is Aldermore's property and it reported it as stolen when Mr A stopped responding to contact about the arrears. Aldermore received notice the car was abroad and uninsured, and these two factors could have reasonably allowed Aldermore to terminate the agreement for breaches of contract even if Mr A had repaid the arrears.

My role here isn't to say whether Mr A has committed an offence – it's to consider if Aldermore is managing the financial agreement in a fair and reasonable way. When Aldermore reported the car as stolen, Mr A wasn't in contact, it was aware the car had been taken abroad without consent, and there was a considerable balance remaining on the agreement. So on balance, I think it was likely fair for Aldermore to report the car as stolen.

However, it's now clear Mr A wants to return the car to Aldermore and clear the debt. I think Mr A likely wouldn't be in contact with Aldermore if he intended to steal the car, so I don't think it's now reasonable for Aldermore to continue to report the car as stolen, so long as Mr A makes active steps to return the car.

Mr A also wants Aldermore to pay him compensation and waive any liability remaining once the car is recovered. I don't agree Aldermore needs to do this, as I don't think it acted unfairly applying the marker or supporting Mr A. While I think Aldermore should stop reporting the car as stolen, this is a complex situation, and I appreciate the concerns Aldermore has about recovering its asset. The car is quite expensive, and Aldermore has no information about the condition, current value or the exact location of the car.

So on balance, I don't think it's fair for me to say Aldermore needs to reduce the amount Mr A owes for the agreement, in the circumstances of this case. I also think that, if Mr A fails to return the car within a reasonable period of time, it would likely be fair for Aldermore to reapply the stolen vehicle marker or take further action to recover its asset.

Mr A should let me know, in response to this provisional decision, how long it will take for him to arrange the return of the car to Aldermore. He should be mindful that if there are costs involved to get the car to the UK, for example on transport, it's likely he will be responsible for these as the party that breached the contract. I will then consider whether it's reasonable to set a time limit for Mr A to return the car, after which Aldermore can consider reapplying the stolen marker if it can't recover the car.

Aldermore said it didn't think it was reasonable to remove the fraud marker first, because it doesn't think the fraud agency would allow it to reapply the marker if Mr A didn't return the car. It suggested a compromise, where the collection agents could meet Mr A on his return with the vehicle and remove the marker once it takes possession.

Mr A said he would need more than 28 days to arrange the return of the car to the UK due to a bereavement and other personal circumstances. He asked for a final decision along the same lines as my provisional findings, and said he remained willing to arrange transport, provide evidence of his progress and keep in contact with Aldermore throughout. He also requested I set out exactly what should happen for both parties.

As Mr A asked for a formal decision, and the parties aren't in agreement, I've now made a final decision on the complaint.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My overall reasoning and findings for the case haven't changed, as neither party provided me with new evidence. Instead, I've focused on what needs to happen next to resolve the complaint.

I understand the concerns from both parties. This is a complex issue and I've tried to keep things as simple as possible when finding a way to resolve it.

Mr A has told me his personal circumstances mean it will take more than 28 days to arrange for the car to be transported, but he hasn't said how much longer or whether he's started the process. I'm sorry to hear about what's happened, but I'm also mindful of how much time has already passed with the car remaining in Mr A's possession without payment. The compromise offered by Aldermore also means Mr A wouldn't need to arrange transport in the UK itself.

So, I think a reasonable period of time for Mr A to return the car to Aldermore's possession is 28 calendar days, from the date he accepts my final decision. If Mr A needs more time, it would be up to Aldermore to consider if it will allow any longer at its own discretion.

Aldermore's compromise means it will meet Mr A and the car on return to the UK, collect it, and then arrange removal of the fraud marker. I think this is a pragmatic approach to the problems surrounding the return of the car, as it works around the concerns Mr A had about returning to the UK with the marker on the car. I think it's reasonable to direct Aldermore to update the fraud agency as soon as possible after taking possession of the car.

Mr A has asked me to state exactly what should happen next in my final decision but given the complexity of what's happened I don't think I can reasonably do this. I need to draw a line here and I can't cover off all possible eventualities that might delay or disrupt things. My decision means that if Mr A accepts and returns the car to Aldermore's possession within the timeframe, he can expect the remedy to be completed as I've directed.

I hope Mr A and Aldermore can both come together to agree the details needed to resolve things as I've directed – and Mr A should tell Aldermore if there are any problems going forward.

For the avoidance of doubt, I won't be commenting on issues that haven't happened yet – if there are further problems or Mr A isn't happy with the way Aldermore then completes the collections process, he may need to make a new complaint about these issues.

My final decision

My final decision is that I uphold this complaint.

Subject to Mr A returning the car to the UK within 28 calendar days of accepting the final decision, Aldermore Bank Plc must:

- Arrange to meet him and take possession of the car.
- Remove the stolen vehicle marker once it has possession of the car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 April 2026.

Hannah Dunkley
Ombudsman